



Testimony of
Erik C. Jorgensen, Senior Director of Government Relations & Communications
MaineHousing
Before The Joint Standing Committee on Appropriations and Financial Affairs
In Support of

LD 2214: The Governor's Supplemental Budget

PART GG – Affordable Homeownership Program

PART HH – Emergency Housing Relief Fund.

Senator Rotundo, Representative Sachs and distinguished members of the Appropriations Committee. My name is Erik Jorgensen, Senior Director of Government Relations and Communications at MaineHousing. I am here today to speak in favor of the initiatives in the Governor's proposed supplemental budget that relate to Maine Housing. I want also to point out that I am here with our agency Director, Dan Brennan, who is also available to answer questions you might have.

The Maine State Housing Authority is Maine's housing finance agency, created by the Legislature in 1969 to address the problems of unsafe, unsuitable, overcrowded, and unaffordable housing. We are structured as an independent agency to utilize effective private methods of finance for public purposes, to be independent, and responsive.

In addition to issuing bonds to finance affordable housing, our agency is authorized to act for the state in administering several federal programs, including rental subsidies, weatherization and fuel assistance; two housing block grants; the low-income housing tax credit program, and homeless grant programs. We do receive some state general fund revenue for homeless programs, and we receive a dedicated portion of the real estate transfer tax, which provides the Housing Opportunities for Maine Fund (also known as the HOME Fund). In recent years we have also received several one-time allocations of funding for different housing activities through biennial and supplemental budgets, including the two programs that I am speaking about this afternoon.

We support parts GG and HH of the proposed supplemental budget.

Taking those in order, **I will start with GG, which provides \$10 Million for the Affordable Homeownership program.**

This was a new program that was developed during the pandemic using funds from the Maine Jobs and Recovery Plan. It was initially funded with \$10 Million, the purpose of which was to lower the costs of producing single-family homes that are affordable to homebuyers with incomes up to 120%

of AMI. To illustrate what that means, for a family of 4 it's between \$90,960 and \$141,960 depending on where you live in Maine.

The idea behind this program was to produce basic houses affordable to everyday working families and first-time home buyers in much the same way that houses were being produced in towns across the country after World War II. Houses like those continue to be in great demand today, yet they are not being built in great numbers.

The way this program works is that it provides zero interest forgivable loans of between \$60,000-\$70,000 per unit, depending on location. This funding pays for things like land acquisition, infrastructure like roads, water, electrical, sewer, and construction costs. In other words it's a mechanism to reduce a developer's cost of creating units. It has to go directly into housing, and it's not for overhead, staffing or developer operating costs.

These projects must have, at a minimum, at least five affordable units in a subdivision, with minimum funding at \$300,000 with a maximum of up to \$1,400,000 per development. Pricing for the units has to fall within guidelines – up to \$325,000 per unit in York, Sagadahoc, and Cumberland Counties, and up to \$287,000 in other parts of Maine. Most of the housing built to date under this program has been priced at between \$240,000 and \$285,000 per unit.

The \$10,000,000 you provided has been successfully used. I am distributing a document that shows examples of what this program has done – what these neighborhoods look like. There are 9 subdivisions which have been completed or which are currently under construction under this program, and two others, which are in the underwriting process. They are in in Sanford, Boothbay, Ellsworth, Waterboro, Hampden, Wells, Standish, Brunswick, Portland and Searsport. All told this initial funding will produce 154 new affordable single-family homes, many of which are already sold and occupied.

We have no doubt that an additional \$10 million allocated to this program, as the Governor is proposing, would be used. Demand is steady for these projects, and if funding continues, we are confident that developers will respond.

If we were to receive additional funding for the program we would do some stakeholder listening to determine whether any changes are necessary going forward. We have heard that with the extraordinary costs of construction in Maine the subsidy limits and maximum home price limits from the 2022 program are probably too low. We need to consider modestly raising those levels. We have also heard an interest in including the substantial rehabilitation of unsafe and unsuitable housing into opportunities for homeownership, especially in areas where there are very few home ownership opportunities available.

Homeownership, the “American Dream,” is something that has been quickly moving out of the reach of average households in the United States, and Maine is no exception. Homeownership is the single best way for a family to create generational wealth. We are proud that we can offer literally the lowest mortgage interest rates in the country through our first-time, first generation, and veteran-focused homeownership programs, and MaineHousing is on track to provide almost a thousand of those mortgages this year. But the greatest issue remains lack of quality supply – and the Affordable Homeownership program is a tool that can serve as a small step to improve that.

Turning now to PART HH, which proposes \$16,000,000 to support the Emergency Housing Relief Fund:

Governor Mills and the Maine State Legislature have provided funding to MaineHousing to establish the Emergency Housing Relief Fund. As background, this fund was capitalized over three years with three different tranches of funding provided by the legislature:

EHRF 1 --	\$22,000,000	Funded by the 130 th Legislature in May 2022
EHRF 2 --	\$21,000,000	Funded through LD 3, January of 2023
EHRF 3 --	\$12,000,000	Funded through Biennial Budget, October of 2023

TOTAL - \$55,000,000

The fund is intended to help the State meet emergency housing needs following the end of the \$350,000,000 Federally-funded Emergency Rental Assistance program. The attached document shows details on how those funds were allocated over three years across more than 70 initiatives. These can be broadly divided among emergency shelter; transitional housing; permanent housing; and services to support housing.

Funds were allocated across several rounds of funding and supporting a range of activities. This variability reflects the different needs of different communities. I will now walk you through these categories:

Contracts for **winter warming shelters** were awarded in both the winters of 2022-23 and 23-24 and have supported seasonal overnight shelter beds around the State, from Presque Isle to Alfred. These shelters are temporary in nature and designed to help people who might otherwise be unsheltered during the coldest months of the year.

The long term shelter category has provided for permanent capacity increases at existing shelters around the state. These serve individuals and in some cases, families and special populations. The largest of these projects was the development of a new 179-bed homeless shelter in Portland, along with three years of funding to operate it. This shelter has served asylum seekers, and its completion freed up more than 150 beds at the Portland Homeless Services Center, where outreach efforts have

led to the sheltering of the vast majority of those who had been camping on city property. On the smaller end of these projects, a Gorham church used the funds to create four units of family shelter space in one of their buildings that will be available now and into the future.

There is a category of around \$1.4 million that supported **emergency housing in hotels** – this was mostly transitional funding, which expired after June 30, 2023, to support people with no other housing options. During the ERA program, hotels had become a large component of emergency housing, which is no longer the case. The Legislature specified that more recent EHRF funding could not be used for hotel rooms by the night, and so this has been phased out in favor of longer-term less costly arrangements.

The **Transitional Housing** category provides long term housing for special populations. These include asylum seekers, post-partum mothers and their children, and special units designated for youth. This is the category where one line, totaling \$13 million jumps off the page and has drawn a lot of attention. That single project represents 29 months of funding with comprehensive services for a facility that the Housing Committee has visited. It is a hotel in Saco that we have rented as a whole to provide transitional housing for asylum seekers. That single project, which is now in month 19 of a 29 month contract, can house and provide services for 85 families at any given time. So far this project has served a total of more than 143 families made up of 553 individuals.

The **Permanent Housing** category has supported shelter-based rapid rehousing programs, which are aimed at getting people out of shelters into long-term apartments; it's provided capital funding for projects including the development of permanent single-room occupancy units in Lincoln County, supportive housing units in Bangor, and permanent housing in Ellsworth and Machias. It has also provided rental assistance to keep families housed in apartments.

Finally, the **Services to Support Housing** category includes case management, mental health, and day shelter programs for people experiencing homelessness. It also funds several initiatives aimed at helping asylum seekers receive legal services to complete their applications for asylum, which is a necessary step in order to be eligible for work permits.

Included in this accounting, which we have broken out on the second table, are projects that have specifically focused on Maine's asylum-seeker population. Approximately 63% of the EHRF funds, or \$34,286,700 has been allocated to meet the needs of this population over the course of more than three years. These expenditures have received a great deal of attention by legislators and the media, and they represent Maine's effort to manage a challenge that originates on the federal level. \$34 Million is a large number, but for purposes of scale, service to asylum seekers represents less than 3% of our total federal and state programmatic spending (which does not include our lending, construction or tax credit activity) during this period.

Given that the issue of asylum seeker support has garnered such a lot of political attention in Maine and elsewhere, we wanted to provide a complete picture. Asylum seekers are not legally able to work in their first 6 months in the United States, and so their housing needs often must include other services. It is also important to point out that non-citizens do not qualify for Section 8 housing choice vouchers, which are the primary source of rental assistance available in Maine.

I will conclude by saying that if the legislature chooses to provide additional funding to the EHRF as the Governor has proposed, the nature of the need makes it so we can't say exactly how all of it would be used, though I would look to the past three years as something of a template. We do know that the Governor has asked that \$2.5 million be earmarked specifically to support low-barrier shelters. Beyond that, we know there will be seasonal needs, and that some of the initiatives of the past three years may need to be extended. Mr. Payne can provide additional details and thoughts around how any future funding of the EHRF might be used.

Thank you for listening. That concludes my testimony and I would be pleased to take questions.

ALL INITIATIVES FUNDED THROUGH THE EMERGENCY HOUSING RELIEF FUND

Organization	Municipality	County	Est. # Assisted	Description	Budget	Tranche
EMERGENCY SHELTER						
Winter Warming Shelters (2022-23):						
Aroostook Mental Health Services	Calais	Washington	10/night	Adds 10 warming shelter beds for single individuals	\$35,518	2
Aroostook Mental Health Services	Houlton	Aroostook	10/night	Adds 10 warming shelter beds for single individuals	\$36,218	2
Amistad	Wiscasset	Lincoln	12/night	Adds 12 warming shelter beds for singles and families	\$49,567	2
Augusta Overnight Warming Center	Augusta	Kennebec	30/night	Adds 30 warming shelter beds for single individuals	\$136,678	2
Gathering Place	Brunswick	Cumberland	75/night	Adds 75 warming shelter beds for individuals and families	\$40,000	2
Greater Portland Family Promise	Portland	Cumberland	36/night	Adds 36 warming shelter beds for families through July 2024	\$686,373	2
Healthy Acadia	Ellsworth	Hancock	40/night	Adds up to 40 warming shelter beds for individuals and families	\$202,227	2
Homeless Services of Aroostook	Presque Isle	Aroostook	10/night	Adds 10 warming shelter beds for single individuals	\$84,086	2
Maine Immigrants' Rights Coalition	Portland	Cumberland	77/night	Adds 77 warming shelter and day shelter spaces for families through January 2024	\$1,665,672	1,2
Mid-Maine Homeless Shelter	Waterville	Kennebec	17/night	Adds 17 warming shelter beds for single individuals	\$31,477	2
State Street Church	Portland	Cumberland	15/night	Adds 15 shelter beds for families	\$315,000	2
Town of Monson	Monson	Piscataquis	N/A	Preparation of space for emergency shelter needs	\$12,092	2
Union Street Brick Church	Bangor	Penobscot	25/night	Adds 25 warming shelter beds for single individuals	\$21,250	2
York County Shelter Programs	Alfred	York	25/night	Adds 25 warming shelter beds for single individuals	\$144,000	2
Totals			382/night		\$3,460,158	
Winter Warming Shelters (2023-24):						
Augusta Overnight Warming Center	Augusta	Kennebec	40/night	Adds 40 warming shelter beds for single individuals, building upgrades to allow annual use	\$551,441	2,3
Bangor Area Homeless Shelter	Bangor	Penobscot	38/night	Adds 38 warming shelter beds for single individuals	\$30,000	3
Gathering Place	Brunswick	Cumberland	35/night	Adds 75 warming shelter beds for individuals and families	\$96,003	3
Greater Portland Peer Services	Portland	Cumberland	75/night	Adds 75 warming shelter beds for the hardest to shelter individuals	\$112,000	3
Heathy Acadia	Ellsworth	Hancock	20/night	Adds 20 warming shelter beds for single individuals	\$205,000	3
Homeless Services of Aroostook	Presque Isle	Aroostook	15/night	Adds 15 warming shelter beds for single individuals	\$130,726	3
Mansion Church	Bangor	Penobscot	30/night	Adds 30 warming shelter beds for single individuals	\$35,000	3
Mid-Maine Homeless Shelter	Waterville	Kennebec	20/night	Adds 20 warming shelter beds for single individuals	\$202,083	3
New Beginnings	Lewiston	Androscoggin	24/night	Adds 24 warming shelter beds for youth ages 18-24	\$243,820	3
State Street Church	Portland	Cumberland	24/night	Adds 24 warming shelter beds for single individuals, building upgrades to allow annual use	\$159,578	3
York County Shelter Program	Alfred	York	25/night	Adds 25 warming shelter beds for single individuals	\$255,000	3
Totals			346/night		\$2,020,651	
Emergency Shelter in Hotels:						
Various	Statewide	Various	Approx. 150	Payments to hotels through April 30, 2023 for those with no other housing options	\$1,412,300	2
Long Term Shelters:						
Preble Street	Portland	Cumberland	40/night	Funding to open 40-bed Elena's Way 24/7 wellness shelter	\$500,000	1
Bangor Area Homeless Shelter	Bangor	Penobscot	7/night	Adds 7 new beds for people in recovery	\$100,000	2
Center for Regional Prosperity	Portland	Cumberland	179/night	Creates new 179-bed homeless shelter and funds 3 years of operational costs	\$5,281,160	2
First Parish Church	Gorham	Cumberland	16/night	Creates new shelter space for 4 homeless families	\$455,000	2
Homeless Services of Aroostook	Preque Isle	Aroostook	10/night	Adds 10 family shelter beds and space for services for homeless individuals	\$555,000	2
Mid-Maine Homeless Shelter	Waterville	Kennebec	18/night	Adds 18 homeless shelter beds	\$696,150	2
Through These Doors	Portland	Cumberland	5-10/night	Adds 5-10 additional shelter spaces for people fleeing domestic violence	\$571,000	2
York County Shelter Programs	Sanford	York	20/night	Funds 20 new shelter beds with services	\$436,398	2
Totals			300/night		\$8,594,708	
			1,178/night	Total Emergency Shelter Allocations	\$15,487,817	

TRANSITIONAL HOUSING						
Giri Hotel Group/Catholic Charities Maine	Saco	York	325/night	Housing and comprehensive services for 85 families, provided 7 days/week for 30 months	\$13,929,572	1,2,3
Community Housing of Maine	Portland	Cumberland	35/night	Acq/reno and 3 years of rental assistance for 15 post-partum mothers & their children	\$3,001,098	1,2
HoJos/CCM/City of SoPo/Prosperity Maine	South Portland	Cumberland	241/night	Housing and comprehensive services for up to 80 families, provided 5 days/week for 12 months	\$4,435,502	2,3
The Northern Lighthouse	Mars Hill	Aroostook	6/night	Operational funding to keep program open thru Sept. 2024, when add'l resources will become available	\$215,000	3
Midcoast Community Alliance	Bath	Sagadahoc	8/night	Creates 8 permanent supportive housing units for youth aged 18-24 for 2 years	\$602,742	2
Preble Street	Biddeford	York	6/night	Creates transitional housing with services for 6 vulnerable youth aged 18-24 for 2 years	\$348,811	2
			621/night	Total Transitional Housing Allocations	\$22,532,725	
PERMANENT HOUSING						
Penquis	Bangor	Penobscot	41 households	Capital funding for 41-unit permanent supportive housing project in Bangor	\$2,000,000	1
Avesta Housing	South Portland	Cumberland	52 households	Two years of rental assistance for 52 families, plus beds and service coordination	\$1,656,000	1
Developers Collaborative	Brunswick	Cumberland	60 households	Capital costs, 2 years of rental assistance, plus beds and service coordination for 60 families	\$3,372,928	1
Avesta Housing	Portland	Cumberland	15 households	Two years of rental assistance for 15 families, plus beds	\$529,493	1
Community Health & Counseling Services	Bangor	Penobscot	125 households	Landlord incentives to house up to 125 households experiencing homelessness in Bangor	\$500,000	1
City of Lewiston	Lewiston	Androscoggin	25 households	LL incentives & 2 years of case mgmt services for up to 25 homeless households in Lewiston	\$463,125	1
Aroostook County CAP	Aroostook County	Aroostook	20 households	Rapid rehousing program funding for up to 20 households in Aroostook County	\$239,093	1
Mid-Maine Homeless Shelter	Central Maine	Kennebec	65 households	Rapid rehousing program funding for up to 65 households in Waterville/Augusta area	\$353,777	1,3
York County Shelter Programs	York County	York	45 households	Rapid rehousing program funding for up to 45 households in York County	\$480,541	1
Amistad	City of Portland	Cumberland	20 households	Rapid rehousing program funding for up to 20 households in the City of Portland	\$127,000	3
Knox County Homeless Coalition	Midcoast	Knox,	40 households	Rapid rehousing program funding for up to 40 households in the Midcoast	\$129,500	3
Preble Street	Greater Portland	Cumberland	20 households	Rapid rehousing program funding for up to 20 households in the Greater Portland area	\$183,500	3
Immigrant Resource Center of Maine	Lewiston	Androscoggin	50 households	One year of rental supplements for 50 families, with supports	\$400,000	1
Prosperity Maine	Portland area	Cumberland	75 households	One year of rental supplements for 75 families, with supports	\$300,000	1
Quality Housing Coalition	Portland area	Cumberland	75 households	One year of rental supplements for 75 families, with supports	\$300,000	1
York County Community Action	Sanford area	York	125 households	Security deposits, rent supports & housing navigation for up to 125 homeless families	\$75,000	3
York County Community Action	Sanford area	York	30 households	Housing supports for 30 families experiencing homelessness	\$75,000	1
Healthy Acadia	Ellsworth & Machias	Hancock, Washington	5 households	New permanent housing for up to 14 people experiencing homelessness/housing insecurity	\$1,234,856	2
Freeport Community Services	Freeport	Cumberland	50 households	Matches town funding for landlord incentives to house up to 50 households in hotels	\$60,000	2
Amistad	Wiscasset	Lincoln	12 households	Capital funding for 12 new single room occupancy units	\$916,044	2
			950 households	Total Permanent Housing Allocations	\$13,395,857	
			(est. 3,000+ individuals)			
SERVICES TO SUPPORT HOUSING						
Preble Street	South Portland	Cumberland	300 individuals	Case management services for up to 300 people living in South Portland hotels	\$75,000	1
City of Portland	Portland/South Portland	"	"	Transportation services for up to 300 people living in South Portland hotels	\$18,926	1
Spurwink	South Portland	"	"	Mental health services for up to 300 people living in South Portland hotels	\$4,709	1
Greater Portland Health	South Portland	"	"	Health care services for up to people living in South Portland hotels	\$157,568	1
City of South Portland	South Portland	"	"	Municipal staff needs to support up to people living in South Portland hotels	\$28,880	1
Immigrant Legal Advocacy Project	Portland area	Cumberland	1,000+ indiv/families	3-year grant to support expansion of legal assistance to asylum seeking households	\$1,000,000	1,3
Hope Acts	Portland area	Cumberland	500+ indiv/families	2-year grant to support expansion of assistance for asylum applications and work permits	\$100,000	1
Maine Immigrant & Refugee Services	York County	York	75+ indiv/families	Legal and family supports for 1 year for asylum seeking families in Sanford & Brunswick	\$100,000	1
Bridging the Gap	Augusta	Kennebec	40 individuals	Provides day shelter space for up to people during hours Augusta warming shelter not open	\$76,000	2
Greater Portland Peer Services	Portland	Cumberland	30 individuals	Outreach to up to 30 unsheltered people to help guide them to housing opportunities	\$145,436	2
City of Portland	Portland	Cumberland	550 individuals	Housing navigation & stabilization services for people experiencing homelessness	\$829,722	3
Various	Statewide	Various	100+ individuals	Extension of Housing Stability Pilot Contracts	\$1,047,360	3
			2,595+ individuals	Total Services Allocations	\$3,583,601	
				TOTAL ALLOCATIONS FROM EMERGENCY HOUSING RELIEF FUND - 3 YEARS+	\$55,000,000	

DETAIL: INITIATIVES FOR ASYLUM SEEKERS FUNDED THROUGH THE EMERGENCY HOUSING RELIEF FUND

Organization	Municipality	Est. # Assisted	Contract Term (months)	Description	Budget
EMERGENCY SHELTER					
Winter Warming Shelters (Funded in 2022):					
Greater Portland Family Promise	Portland	36/night	18	Adds 36 warming shelter beds for families through July 2024	\$686,373
Maine Immigrants' Rights Coalition	Portland	77/night	12	Adds 77 warming shelter and day shelter spaces for families through January 2024	\$1,665,672
Long-Term Shelters (opened late 2023):					
Center for Regional Prosperity	Portland	179/night	36	Creates new 179-bed homeless shelter and funds 3 years of operational costs	\$5,281,160
First Parish Church	Gorham	16/night	permanent	Creates new permanent shelter space for 4 homeless families.	\$455,000
EMERGENCY SHELTER TOTALS		308 Persons/night		Average Cost per bed per night is \$34.36	\$8,088,205
TRANSITIONAL HOUSING					
Transitional Housing and Services for Residents:					
Giri Hotel Group/Catholic Charities Maine	Saco	325/night	29	Housing and comprehensive services for 85 families per night for 29 months. 143 families, with 553 individuals, have been served to date with 10 months remaining on the contract	\$13,929,572
HoJos/CCM/City of SoPo/Prosperity Maine	South Portland	241/night	12	Housing and comprehensive services for up to 80 families - facility will be empty by June 30, 2024	\$4,435,502
TRANSITIONAL HOUSING AND SERVICES TOTALS		566 Persons/night		Average Cost per person per night is \$47.13	\$18,365,074
PERMANENT HOUSING					
Rental Assistance (up to full rent):					
Avesta Housing	South Portland	52 households	24	Two years of rental assistance for 52 families, plus beds and service coordination	\$1,656,000
Developers Collaborative	Brunswick	60 households	24	Capital costs, 2 years of rental assistance, plus beds and service coordination for 60 families	\$3,372,928
Avesta Housing	Portland	15 households	24	Two years of rental assistance for 15 families, plus beds	\$529,493
Rental Assistance (gap filler up to \$500/mo.):					
Immigrant Resource Center of Maine	Lewiston	50 households	12	One year of rental supplements for 50 families, with supports	\$400,000
Prosperity Maine	Portland area	75 households	12	One year of rental supplements for 75 families, with supports	\$300,000
Quality Housing Coalition	Portland area	75 households	12	One year of rental supplements for 75 families, with supports	\$300,000
York County Community Action	Sanford area	30 households	12	Housing supports for 30 families experiencing homelessness	\$75,000
PERMANENT HOUSING TOTALS		357 Persons /night		Average Cost per household per month is \$1,594.40	\$6,633,421
SERVICES TO SUPPORT HOUSING - ASSISTANCE WITH ASYLUM AND WORK PERMIT APPLICATIONS					
Immigrant Legal Advocacy Project	Portland area	1,000+ indiv/families		3-year grant to support expansion of legal assistance to asylum seeking households	\$1,000,000
Hope Acts	Portland area	500+ indiv/families		2-year grant to support expansion of assistance for asylum applications and work permits	\$100,000
Maine Immigrant & Refugee Services	York County	75+ indiv/families		Legal and family supports for 1 year for asylum seeking families in Sanford & Brunswick	\$100,000
		1,575 indiv/families			\$1,200,000
TOTAL OF ASYLUM SEEKER SPECIFIC INITIATIVES FUNDED WITHIN THE EMERGENCY HOUSING RELIEF FUND OVER 3+ YEARS					\$34,286,700